

SUMMARY A

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The current crisis may increase both Europe's need for such investment and its sensitivity to the non-economic implications.

POLICY

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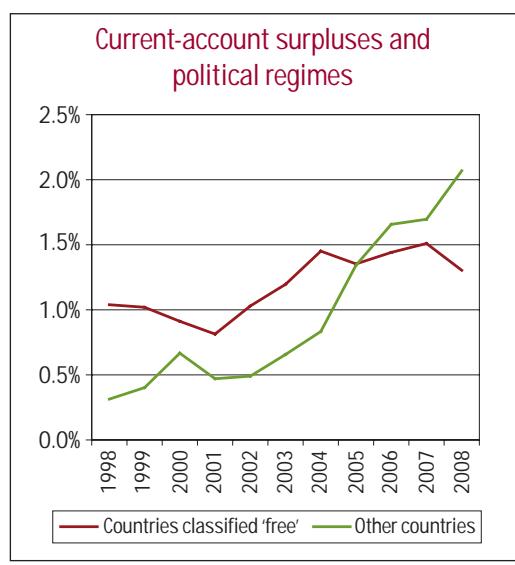
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POLICY CHALLENGE

The EU should proactively address the increasing likelihood of mounting political tensions over foreign investment. It needs a comprehensive, open and sustainable framework to address the security aspects of foreign acquisitions, without which there is a risk of protectionist drift



that could harm the economy and impair the integrity of the single market. We recommend anchoring the aims and mechanisms for review of foreign investments in a common EU legislative framework, while implementation, including security assessment of individual investments, would remain a national prerogative. This new approach would enable Europe to maintain its openness to investment while credibly addressing security concerns.

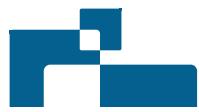
EUROPE'S OPENNESS TO INVESTMENT

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1. A SHIFT IN INVESTMENT PATTERNS

A diagram illustrating a network or system architecture. It consists of numerous small black rectangles, each containing a diagonal line, representing nodes. These nodes are interconnected by a web of lines forming a complex graph. Several specific nodes are labeled with letters: 'T' appears at the top left and center; 'E' is located in the middle right; 'G' is at the bottom right; 'C' is near the center-right; 'R' is below 'C'; and there are two unlabeled nodes, one at the bottom center and another at the bottom right. The connections between nodes form a dense, branching structure.





BOX 1: A FRAMEWORK FOR ASSESSING RISK FROM FOREIGN ACQUISITIONS

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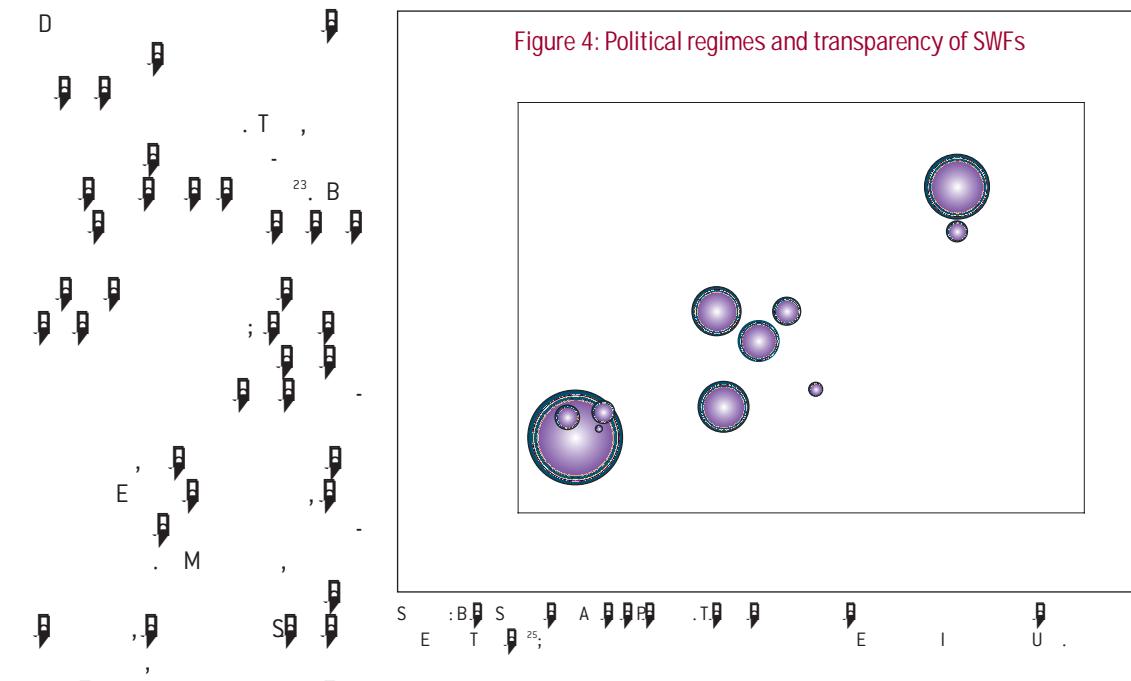
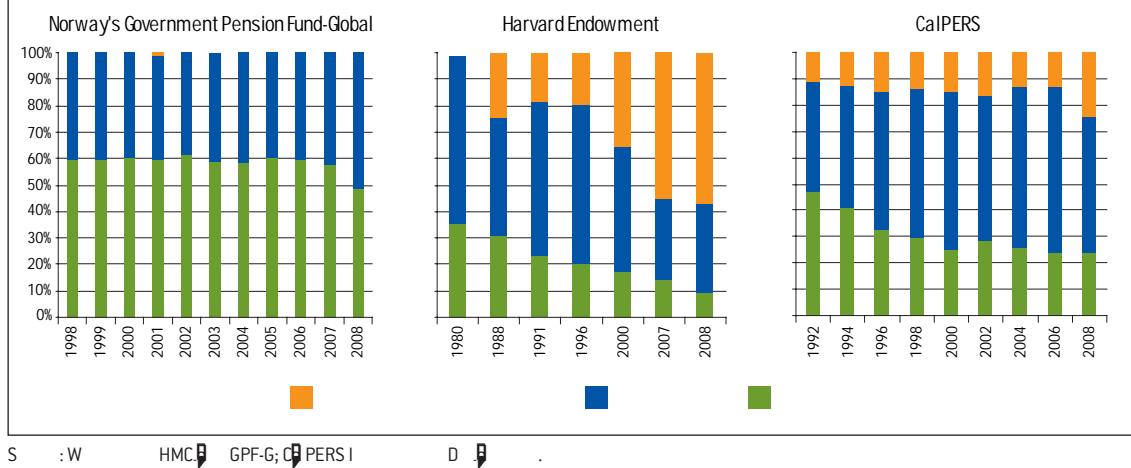


Figure 5: Gradual asset diversification of long-term investors





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